

Testimony of John M. McClung  
Texas Produce Association  
Before the  
**Subcommittee on Livestock and Horticulture**  
**U.S. House of Representatives**  
October 1, 2003

Mr. Chairman, members of the subcommittee, my name is John McClung. I'm President of the Texas Produce Association, headquartered in the Rio Grande Valley of South Texas. I want to thank you for holding this hearing today on what we all know is one of the most controversial issues to face the produce industry in some years—Country-of-Origin labeling—and for giving me the opportunity to appear before you today to explain the Texas industry's position.

On August 22, the Board of Directors of the Texas Produce Association unanimously voted to attempt to rescind the current Country-of-Origin law, thus reversing a position taken over a year and a half ago. The 17 members of the board took this action fully recognizing that we currently have a federal law that is undergoing rulemaking, so any vigorous attempt to void that law would be premature until the pending regulations issue and we have an opportunity to evaluate their impact.

In this regard the Texas industry's posture is entirely consistent with the position of the national produce organization, the United Fresh Fruit and Vegetable Association, that we

should wait to see USDA's regulations before informed decisions can be made on possible additional actions, including seeking Congressional intervention.

Nonetheless, the board felt that the law as currently written might well be too prescriptive to allow the U.S. Department of Agriculture to develop regulations that are acceptable to the industry. We shall see. The members also felt that the basic premise of the law: that U.S. consumers would prefer to buy domestically grown fruits and vegetables if they only knew they were U.S. grown, is contrary to what we know about the marketplace and the variables consumers most often use in making their purchasing decisions. The only likely exception would be when there is a food safety scare of some sort, and then we generally loose the sector, anyway. And finally, they felt that the cost and disruption associated with compliance probably will outweigh any benefits. Again, the jury is out on this matter until we can digest the regulations.

Interestingly, the association board is made up largely of grower/shippers who, without exception, also are importers of Mexican produce. I'll come back to the significance of that point in a moment.

As I think we all know, the retail community has mounted an enthusiastic campaign to convince their fruit and vegetable suppliers that country-of-origin is a bad idea for a lot of reasons, and while my shippers are well aware of that systematic effort, I do not think it looms overlarge in the Texas association's position. We are not unaccustomed to being at odds on occasion with the buyers on issues of mutual interest, and simply are hopeful

that the differences will be thoroughly aired and that where there is legitimacy to the threats of upheaval the best possible resolution will be reached.

I must add that some retailers are insisting on elaborate assurances of compliance with anticipated provisions of the law and regulations from their suppliers before the regulations are scheduled to take effect, and even before they are published. These demands are, of course, impossible to comply with. But they are more than an irritant as they often include audit requirements, hold-harmless agreements, and other provisions that are unacceptable to suppliers. One gets the impression that something more than buyer eagerness to comply with the law is at play here.

The Texas industry's view on country-of-origin labeling is obviously colored by our transitional role as a supplier of fresh fruits and vegetables to the nation. Just 20 years ago, Texas by most accounts ranked as third largest producer of produce in the U.S., behind only California and Florida. But in 2001, when the Congress appropriated money for "specialty crop" grants, and those dollars were distributed according to each state's relative rank as a supplier, Texas was tied for tenth place with New York. While many factors contributed to that decline in the state's ranking, arguably the most telling was—and continues to be—pressure on domestic production from Mexico. Last year, some 180,000 semi trailer loads of produce entered the U.S. from Mexico, just under 40 percent of them through Texas. Each load is give-or-take 44,000 pounds. I don't have to tell you that that's a lot of onions, cabbage, melons, mangos, tomatoes, and other commodities.

Texas producers and shippers, seeing the writing on the wall going back many years, are heavily involved in growing, packing and marketing Mexican produce. Very few if any vegetable shippers remain in Texas who are not sourcing, one way or another, from Mexico. As a result, while Texas production has slipped the state retains its rank as a top supplier to the rest of the country, which is why I say we are going through a transition. And one thing we know is that consumers really don't care where their commodities come from, so long as they are of high quality, display well, and are priced right. These importers do not oppose country-of-origin labeling on the grounds it will cost them market share, but they generally do oppose it as an expensive and burdensome requirement of little or no practical benefit. They particularly note that there is no evidence consumers are clamoring to know where their produce originates most of the time.

Clearly the Congress is considering what it might do to fix this law if, in fact, it proves to be hopelessly broken. It might well be that converting to a voluntary program would be an option. In any event, we greatly appreciate the opportunity to work with you as time goes on. This concludes my testimony. Thank you.